

House File 123 - Introduced

HOUSE FILE 123

BY PETTENGILL

A BILL FOR

1 An Act creating a geothermal tax credit available against the
2 franchise tax and including effective date and retroactive
3 applicability provisions.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 422.60, Code 2017, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 14. *a.* For purposes of this subsection,
4 unless the context otherwise requires:

5 (1) "*Qualified geothermal energy system property*" means any
6 equipment that uses the ground or groundwater as a thermal
7 energy source to heat a structure or as a thermal energy sink
8 to cool a structure.

9 (2) "*Qualified geothermal energy system property*
10 *expenditures*" means an expenditure for qualified geothermal
11 energy system property if depreciation or amortization is
12 allowable to the taxpayer under the Internal Revenue Code with
13 respect to the property, and if the property is installed on or
14 in connection with a structure located in Iowa.

15 *b.* The taxes imposed under this division shall be reduced by
16 a geothermal tax credit equal to ten percent of the qualified
17 geothermal energy system property expenditures made by the
18 taxpayer during the tax year.

19 *c.* Qualified geothermal energy system property expenditures
20 shall be deemed to have been made on the date the installation
21 is complete or, in the case of new construction or
22 reconstruction, the date the original use of the structure by
23 the taxpayer begins.

24 *d.* Any credit in excess of the tax liability is not
25 refundable but the excess for the tax year may be credited
26 to the tax liability for the following ten years or until
27 depleted, whichever is earlier.

28 Sec. 2. EFFECTIVE UPON ENACTMENT. This Act, being deemed of
29 immediate importance, takes effect upon enactment.

30 Sec. 3. RETROACTIVE APPLICABILITY. This Act applies
31 retroactively to January 1, 2017, for tax years beginning on
32 or after that date.

33 EXPLANATION

34 The inclusion of this explanation does not constitute agreement with
35 the explanation's substance by the members of the general assembly.

1 This bill creates a geothermal tax credit available against
2 the franchise tax equal to 10 percent of the expenditures made
3 by a taxpayer for qualified geothermal energy system property
4 if depreciation or amortization is allowable to the taxpayer
5 under the Internal Revenue Code with respect to the property,
6 and if the property is installed on or in connection with a
7 structure located in Iowa. "Qualified geothermal energy system
8 property" and other related terms are defined in the bill. For
9 purposes of the tax credit, expenditures are deemed to be made
10 on the date the installation is complete or, in the case of new
11 construction or reconstruction, the date the original use of
12 the structure begins.

13 The tax credit is nonrefundable, but any amount in excess of
14 the taxpayer's tax liability may be carried forward for up to
15 10 years.

16 The bill takes effect upon enactment and applies
17 retroactively to January 1, 2017, for tax years beginning on
18 or after that date.